

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512



**NOTICE OF RECEIPT OF THE
EMERGENCY PERMITTING PROPOSAL
FOR THE PEGASUS PROJECT
Docket No. 01-EP-9**

On April 27, 2001, the Pegasus Power Partners, LLC (Pegasus Power) filed an emergency permitting application for the Pegasus Project (Pegasus). After Energy Commission staff determined the initial application was not complete, Pegasus Power filed supplemental information on May 10 and 11. The Energy Commission staff has now determined that the application as supplemented is complete. This project is being reviewed under Public Resources Code section 25705, which grants the Energy Commission emergency permitting authority, and Executive Order D-26-01, issued February 8, 2001, and Executive Order D-28-01 issued March 7, 2001. **In Executive Order D-26-01 and D-28-01 the Governor ordered the Energy Commission and other relevant state and local agencies to expedite review of proposed thermal power plants for construction and operation on an emergency basis by September 30, 2001.** Staff has begun an expedited 'fatal-flaw' analysis of the project. A hearing will be held in Chino within the next ten days, and is tentatively scheduled for May 16. Staff expects the Energy Commission to make a final decision on this project within three weeks. The application is available at <http://www.energy.ca.gov/sitingcases/peakers/chino>.

This project is being considered outside of the Energy Commission's normal power plant permitting process. Under Public Resources Code section 25705, if the legislature or the Governor declares a state of energy emergency, the Commission has emergency authority to order the construction and use of generating facilities under terms and conditions it specifies to protect the public interest. This authority can be invoked only if the Legislature or Governor declares a state of emergency and the Commission determines that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency. The Governor declared a state of emergency on January 17, 2001. On February 8 and March 7, the Governor issued several executive orders and declared that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency.

In Executive Order D-26-01 and D-28-01, the Governor ordered the Energy Commission to expedite the processing of applications for peaking and renewable power plants that can be on line by September 30, 2001. The Governor also declared that these projects are emergency projects under Public Resources Code section 21080(b)(4), and are thereby exempt from the requirements of the California Environmental Quality Act (CEQA). A summary of the emergency permitting process, including the proposed schedule, and a checklist showing the information required in an application, can be found on the web at <http://www.energy.ca.gov/sitingcases/peakers/documents/index.html>. A copy of this summary is attached to this notice.

PROJECT DESCRIPTION

The Pegasus project is proposed to be a 180 MW simple-cycle power plant adjacent to the OLS-Energy Chino cogeneration facility on the grounds of the California Institute for Men (CIM) located in the City of Chino, San Bernardino County. The proposed project consists of four 45 MW natural gas-fired combustion turbines and associated equipment. Pegasus proposes to initially control emissions of oxides of nitrogen to 25 ppm using a water injection system. Pegasus ultimately will install Selective Catalytic Reduction (SCR) technology to control NOx emissions to 5 ppm, and an oxidation-reduction catalyst system to reduce carbon monoxide emissions to 6 ppm and volatile organic compound emissions to 2 ppm. These catalyst systems are needed to meet the Best Available Control Technology (BACT) requirements, though Pegasus is expected to be allowed to initially operate without these systems for a period of months to allow the project to be online sooner. Aqueous ammonia, to be used in the SCR air pollution control equipment, is the only hazardous material that Pegasus plans to use or store on site. The ammonia will be stored in a 15,000 gallon tank with secondary containment.

Pegasus Power plans to construct a new underground transmission line to connect the project to the existing Southern California Edison 230 kV Chino substation located approximately 3,500 feet northeast of the project site. A new natural gas pipeline will be built to connect the project to the Southern California Gas intrastate pipeline 1,000 feet west of the project site. The City of Chino has agreed to supply Pegasus Power with up to 360 gallons per minute of reclaimed water to supply the project's water needs. A new water pipeline will be built to connect to an existing reclaimed water line approximately 1,000 feet west of the project site. Pegasus Power states that the stormwater will be only the only wastewater discharge from the project. Stormwater will be routed to an oil/water separator, with the oil sludge disposed of at an appropriate off-site facility.

The overall project construction is expected to take 10 months, with the first three turbines being completed and online within four months. Construction will require an average of 80 to 90 workers, with a peak of 100 to 120 workers.

PUBLIC PARTICIPATION

Staff has begun an expedited 'fatal-flaw' analysis of the project. The Energy Commission will hold a single public hearing in Chino within the next ten days. This hearing, tentatively scheduled for May 16, will provide the public as well as local, state and federal agencies the opportunity to ask questions about, and provide input on, the proposed project. A notice for this hearing will be mailed, but anyone interested in attending is encouraged to check the Energy Commission's Internet page at www.energy.ca.gov/sitingcases/peakers. This web site will include information on the status of the project, copies of notices and other relevant documents, includes instructions for signing up for the project's email list-server.

If you want information on how you can participate in the Energy Commission's review of the project, please contact Ms. Roberta Mendonca, the Energy Commission's Public Adviser, by e-mail at pao@energy.state.ca.us, or call toll free (800) 273-4459. If you require special accommodations to attend a workshop, please call Robert Sifuentes at (916) 654-5004, at least five days before a workshop. Technical or project schedule questions should be directed to Kevin Kennedy, Siting Project Manager, at (916) 651-8836, or by e-mail at kkennedy@energy.state.ca.us. The status of the project, copies of notices and other relevant documents are also available on the Energy Commission's Internet web page at <http://www.energy.ca.gov/sitingcases>. News media inquiries should be directed to Assistant Director, Claudia Chandler, at (916) 654-4989.

This notice of receipt has been mailed to property owners located adjacent to the project site and any of the project-related facilities. By being on the mailing list, you will receive notices of all project-related activities and notices when documents related to the project's evaluation are available for review. If you want your name removed from the mailing list, please contact Mary Dyas, Siting Project Assistant, at (916) 651-8891, or by e-mail at mdyas@energy.state.ca.us.

AVAILABILITY OF THE APPLICATION

Copies of the application are available for public inspection at the following libraries:

San Bernardino County Library
Chino Branch
13180 Central Avenue
Chino, CA 91710

San Bernardino County Library
Chino Hills Branch
2003 Grand Avenue
Chino Hills, CA 91709

Copies are also available at the Energy Commission's Library in Sacramento, the California State Library in Sacramento, and at public libraries in Los Angeles, San Francisco, San Diego, Fresno, and Eureka. In addition, copies are being distributed to those public agencies that would normally have jurisdiction except for the Energy Commission's exclusive authority to certify sites and related facilities.

DATE: _____

ROBERT L. THERKELSEN, Deputy Director
Systems Assessment & Facilities Siting

Mailed to property owner list.